Manitoba

Annual Report
2001 - 2002

Finance

Includes 10% post-consumer waste

103-00380/

MINISTER OF FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To His Honour
Peter Liba
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2002.

Respectfully submitted,

Greg Selinger

Honourable Greg Selinger
Minister of Finance

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

À son Honneur
L'honorable Peter Liba
Lieutenant-gouverneur du Manitoba

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2002.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

Manitoba

Manitoba

Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2002.

Respectfully submitted,

J. Patrick Gannon
Deputy Minister of Finance

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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

providing direction to government for the appropriate and effective use of information technology systems.

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

donner une direction au gouvernement en ce qui concerne l'usage efficace et approprié des systèmes de technologies de l'information.

Through it's efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

The departmental organization structure appears in the chart on page 15. The department is comprised of five operating divisions, as well as the French Language Services Secretariat, the Treasury Board Secretariat and the Office of Information Technology.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also coordinates and administers the activities of the department to meet the policy objectives of government.

The division also coordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

The French Language Services (FLS) Secretariat advises the government, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

La structure de l'organisation du ministère est représentée dans un graphique en page 15. Le ministère est constitué de cinq divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française, le Secrétariat du Conseil du Trésor et le Bureau des technologies de l'information.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The Office of Information Technology is responsible for overseeing the strategic use of information technology resources within government for the benefit of improved operations and better service delivery for the citizens of Manitoba.

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

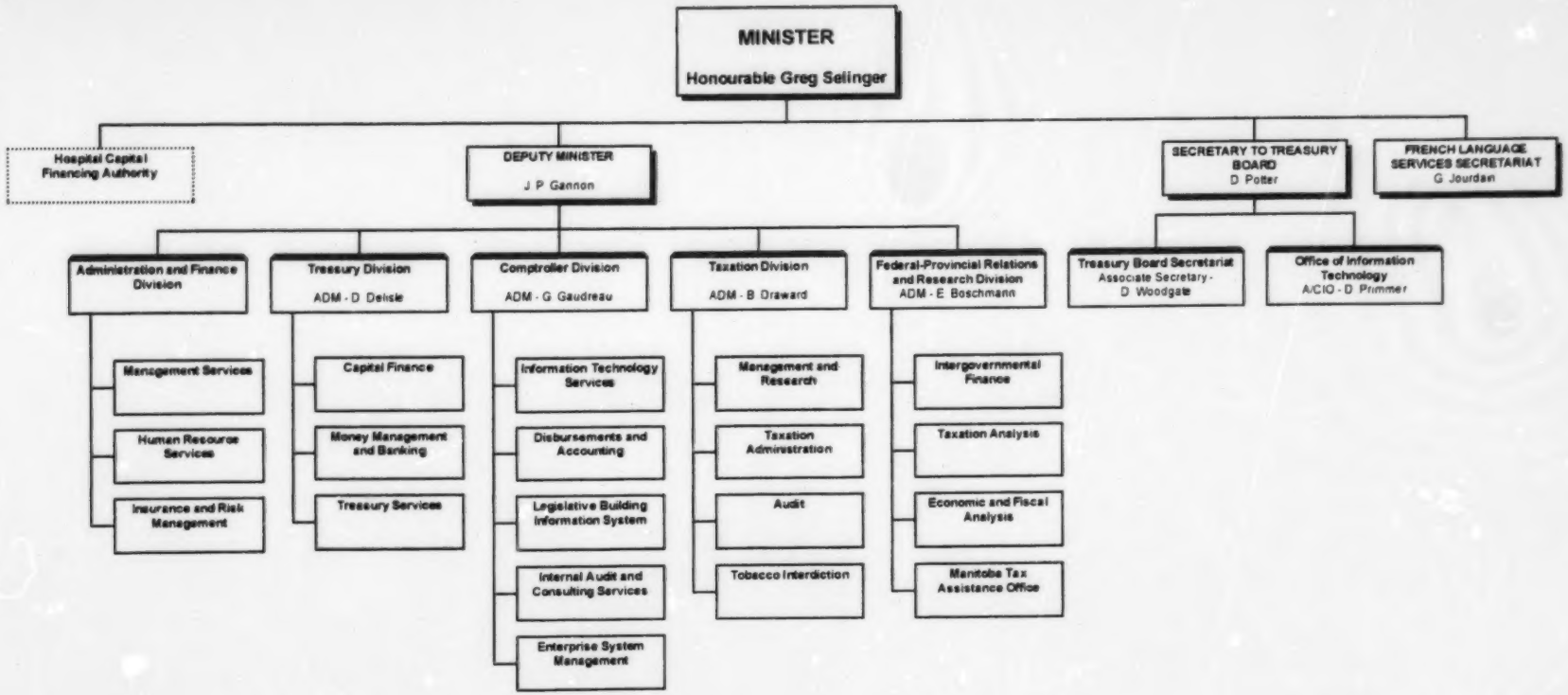
Le Bureau des technologies de l'information est chargé de superviser l'utilisation stratégique des ressources en matière de technologies de l'information au sein du gouvernement afin d'améliorer son fonctionnement et d'obtenir une meilleure prestation de services pour les citoyens du Manitoba.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Protection Act	B5
The Corporation Capital Tax Act	C 226
The Crown Corporations Public Review and Accountability Act	C 336
The Energy Rate Stabilization Act	E 115
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Hospital Capital Financing Authority Act	H 125
The Income Tax Act	I 10
The Manitoba Hydro Act	H 190
The Manitoba Investment Pool Authority Act	I 100
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Motive Fuel Tax Act	M 220
The Pari-Mutuel Levy Act	P 12
The Property Tax and Insulation Assistance Act (Parts I to IV and Part V.1, and section 1 and Part VI as they relate to subjects covered under Parts I to IV and Part V.1)	P 143
The Public Officers Act	P 230
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, C. 42)	-
The Suitors' Moneys Act	S 220
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized coordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, coordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	28.1	1.00	28.1		
Total Sub-Appropriation	**28.1**	**1.00**	**28.1**		

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	368.3	7.00	421.2	(52.9)	
Other Expenditures	116.1		87.2	28.9	1
Total Sub-Appropriation	**484.4**	**7.00**	**508.4**	**(24.0)**	

1. *Over expenditure is primarily due to increased travel and related costs to attend federal-provincial meetings.*

Management Services

The Management Services branch is responsible for ensuring appropriate management of, and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include coordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch coordinates the department's records management program including all matters pertaining to the Freedom of Information and Protection of Privacy Act and administers the department's parking program.

Human Resource Services

The branch provides human resource services to departmental managers and staff of the departments of Finance, Transportation and Government Services, Industry, Trade and Mines and the Office of the Provincial Auditor in accordance with the Civil Service Act, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba labour laws and workplace health and safety legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. The departments also share resources for the branch management, training and development, occupational health and safety and employment equity program development.

Specific activities of Human Resource Services during 2001/2002 that related to the Department of Finance included:

Employment Equity

The branch continues to coordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as being under-represented and include women in non-traditional occupations, aboriginal people, people with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the target groups' percentage representation in the general population in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee is working with the Human Resource Services Branch to set strategic goals to help the department meets these goals. All competitions factored in a 10% rating for Employment Equity candidates.

Employment Equity Statistics as at Fiscal Year End

	1998/1999 Actual (%)	1999/2000 Actual (%)	2000/2001 Actual (%)	2001/2002 Actual (%)
Native	1.2	1.5	2.6	2.4
Women	51.6	52.7	53.5	56.2
Disabled	3.7	3.6	3.1	3.1
Visible Minority	5.9	6.0	5.7	6.5

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 510 employees. Maintained comprehensive attendance and payroll information on the Corporate Human Resource/Payroll System (SAP).

Provided counselling and information on retirement, death benefits, long term disability and lay-off to 29 employees and family members.

Recruitment and Selection

Filled 41 regular, 14 temporary, 5 acting status, 3 secondment and 1 developmental opportunity vacancies through formal competitions for a total of 64 competitions. 15 positions (including one resulting in a re-employment opportunity) were filled through various direct appointments.

Consulted with departmental management/supervisory personnel, employees, and the MGEU in the resolution of numerous labour relations issues, which included the filing of 1 formal grievance.

Assisted 3 staff impacted by workforce adjustment to find alternative permanent employment. Branch staff work as case managers to provide skills assessment, recommendations for training, résumé writing assistance, referral to re-employment opportunities, retirement information and feedback on interviews.

The department continued to hire a number of individuals from the inventory list that was established to provide opportunities to qualified candidates on a casual and/or term basis. The department participated in the annual Aboriginal Management Development Program (AMDP) sponsored by the Civil Service Commission; however, no departmental employee was selected this year.

The Financial Management Development Program (FMDP), co-sponsored by the Civil Service Commission and the Department of Finance, is a three-year internship program for recent university/diploma graduates eligible to enroll in the Certified General Accountants (CGA) or Certified Management Accountants (CMA) program of professional studies. FMDP combines on-the-job training, classroom instruction and one-on-one coaching, along with challenging job placements in a variety of public sector work settings. The program began as a recruitment initiative to address the vacancy rates for key financial management and audit positions in government. Upon completion of the program, interns will be eligible to successfully compete for financial management career opportunities in the civil service. Three interns commenced employment with the program in September 2001.

Position Classification

Prepared detailed classification analysis on 46 reclassification requests under delegated and non-delegated authority.

Staff Development

Staff Development: Approximately 145 staff of the Department of Finance attended learning sessions facilitated through the Human Resource Services Branch. The 122 days of training covered topics ranging from Managing Under the Collective Agreement to Leadership and Change Management.

Organizational Development: The Human Resource Services Branch continues to provide consultation and facilitation in the areas of strategic planning and the Better Systems Initiative. Consultants have worked closely with departments in facilitating development in the areas of Employment Equity, organizational transformation and respectful workplace strategies.

Occupational Health and Safety

Formulated Workers' Compensation statistics for distribution to various branches within the department which reported 8 accident/injury claims of which 5 accounted for no lost time injuries and 2 accounted for 19 lost work days. These accident/injury claims resulted in Workers Compensation charges to the department totalling $5,160.76.

Attendance management, workstation assessments and Return to Work and Workers' Compensation claims program resulted in reducing the department's overall claim costs.

1 (c) Management Services (includes Human Resource Management)

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	454.3	10.00	513.6	(59.3)	
Other Expenditures	60.1		73.2	(13.1)	
Total Sub-Appropriation	**514.4**	**10.00**	**586.8**	**(72.4)**	

Tax Appeal Commission

The Tax Appeals Commission Act provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under The Retail Sales Tax Act, The Corporation Capital Tax Act, The Mining Tax Act and The Health and Post Secondary Education Tax Levy Act. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the Commission and results for 2001/2002 are as follows:

Outstanding appeals, March 31, 2001	19
Appeals received in 2001/2002	18
	37
Appeals resolved in 2001/2002	
Partially Denied	4
Denied	11
Referred	2
Late – Not Accepted	2
Withdrawn	4
Upheld	2
	25
Outstanding appeals, March 31, 2002	12

1 (d) Tax Appeal Commission

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeal Commission	16.8		20.6	(3.8)	
Total Sub-Appropriation	**16.8**		**20.6**	**(3.8)**	

Insurance and Risk Management

The Insurance and Risk Management Branch serves as a centralized government function providing Insurance and Risk Management services to Manitoba's departments and agencies, including most Crown corporations.

Risk Management services can be defined as tasks that involve the application of risk identification, risk evaluation, risk control, risk transfer and risk financing principles. Specific tasks include reviewing risk management policy, promoting and attending risk control meetings, performing loss prevention inspections, reviewing contracts for effective risk transfer, establishing and maintaining commercial and self-insurance programs, managing claims, and evaluating and presenting risk reduction opportunities to agency and department management.

The goal of the Risk Management Branch is to enhance the ability of Manitoba's departments and agencies to operate facilities, provide services and deliver programs to the public within planned budgets, with a minimum of disruption and unexpected cost from unforeseen loss.

Risk Identification and Evaluation

The Insurance and Risk Management Branch worked with departments, agencies and Crown corporations to identify and assess risk exposures associated with their activities.

The replacement cost values for the Manitoba Legislative Building were evaluated and increased. Risks and insurance requirements of Stevenson Aviation College were reviewed. Additional school inspection programs were discussed with Manitoba Education, Training and Youth and general operational risks were reviewed with new management of Manitoba Lotteries Corporation.

Branch personnel assisted Manitoba Health in identifying and evaluating potential liability risks associated with Manitoba's participation on the Canadian Council for (Organ) Donations and Transplantation. " Due diligence" requirements for weather reporting was reviewed with Northern Airports and Marine Operations. Risks with corroded underground water pipes were explored with government departments and agencies that own/operate buildings.

At the request of Manitoba Culture, Heritage and Tourism, branch personnel assisted the North American Indigenous Games in identifying and evaluating risk exposures associated with the Games.

Risk Control

Risk control committee meetings were held at Manitoba Transportation and Government Services, Red River College, Manitoba Family Services and Housing, including meetings at the Manitoba Developmental Centre.

Maintenance yards in several Transportation and Government Services' districts were inspected for liability, property and environmental risks. On-site inspections were also carried out for the Legislative Building and Golden Boy restoration project. Liability inspections were done for Manitoba Conservation at Birds Hill Park and the Criddle Property near Shilo, Manitoba. The Portage la Prairie and Winnipeg facilities of Stevenson Aviation College were inspected.

Seminars were delivered to managers at Manitoba Liquor Control Commission regarding risk control and claims.

Branch management and personnel from Manitoba Family Services and Housing co-presented seminars on Risk Management to numerous non-profit service agencies throughout Manitoba.

Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2001/2002 fiscal year, and reports were provided to appropriate departments.

Risk Transfer

The Insurance and Risk Management Branch reviewed approximately 200 contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts.

Branch personnel participated on a committee reviewing the indemnity and insurance requirements of Information Technology (IT) contracts. This committee also included representatives of Procurement Services, Office of Information Technology and Civil Legal Services. IT suppliers were consulted during the review process.

Branch personnel participated in meetings of the Government of Manitoba Procurement Council and the Contracts Review Committee of this Council to update the government's RFP documents. Seminars were provided on blanket construction insurance products. Meetings were held with government departments and the Surety Association in an effort to standardize bond wordings between government departments. Environmental License Bonds were also reviewed.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers and provided Certificates of Insurance to third parties on behalf of Manitoba departments and agencies. Total requests exceeded 100.

Risk Financing

The Insurance and Risk Management Branch administers insurance purchasing on behalf of government departments and agencies, involving approximately 29 insurance and self-insurance programs. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and agencies.

Meetings were held with the Sheriff's Office to review insurance requirements for property seized at the direction of the courts. The insurance program for Winnipeg Child and Family Services was reviewed in anticipation of this organization integrating with the Department of Family Services and Housing.

The purchase of insurance was a difficult process following the events of September 11, 2001 and Manitoba's property renewal on December 1, 2001 faced the full impact of the hard insurance market. The renewal took an additional three months to achieve as compared to the previous year, and the premium and policy deductible increased dramatically.

Insurance premiums paid by departments during the 2001/2002 fiscal year were $1.64 million including brokerage fees. This represented an increase of 30 % over the year previous. Main cost increases were due to higher costs for property and general liability insurance.

The Insurance and Risk Management Branch also administers insurance purchasing by government agencies, including Special Operating Agencies. Some additional coverages were purchased this year, including aircraft and airport insurance for Red River College (Stevenson Aviation), a new crime policy for Manitoba Housing Authority and a separate property policy for Manitoba Lotteries Corporation.

Premiums paid directly to commercial insurers totalled $1.46 million, including brokerage fees. This represented an 82% increase over 2000/2001.

Agencies Self-Insurance Fund

This fund reduces the deductible under Manitoba's blanket property and general liability insurance policies for government agencies. The fund also insures student laptops against damage under the Red River College laptop program.

During the 2001/2002 fiscal year, the self-insurance fund collected $1.9 million in premiums from agencies, an increase of 72 % from the previous year. Claim payments from the fund were approximately $702,700 and estimated claim costs for newly reported claims were $1.5 million for property and $364,000 for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments for claims incurred during 2001/2002 were $1.1 million.

Province of Manitoba Insurance Consortium

Personnel from the Insurance and Risk Management Branch and The Insurance Consortium met 4 times during the fiscal year to discuss issues relating to insurance purchasing and loss prevention. Numerous meetings were held with individual members regarding the specific coverages in their portfolio.

Claims Administration

Department Property Claims

In the 2001/2002 fiscal year, 232 incidents involving damage to government department property, at an estimated cost of $1,003,367 were reported to this branch. Compared to the previous fiscal year, this involved a 7.9% increase in the number of reported incidents and a 16.4% increase in the quantum of total reported damage.

Department Liability Claims

During this same period, 250 new liability incidents were reported with initial reserves totalling $229,079. This represented a 36.3% increase in the number of reported incidents, and a decrease of 42.7% in the total liability reserves over the previous fiscal year.

Department Adjusting Costs

Adjusting costs for department claims decreased by 3% to $23,309 in the 2001/2002 fiscal year. The number of liability claims closed during 2001/2002 decreased to 62 from 137 in the previous fiscal year.

Agency Property Claims

In the 2001/2002 fiscal year, there were 194 incidents involving damage to government agency property, at an estimated cost of $1,517,893. This involved a 34.7% increase in the number of reported incidents. The quantum of reported damage decreased by 39.5% due significantly to one large water-damage claim the year previous. In addition numerous theft and vandalism incidents, which by nature are lower in severity but higher in frequency, were reported in 2001/2002. Subrogation recovery on one property loss that occurred during the 2001/2002 fiscal year has been undertaken.

Agency Liability Claims

During this same period, 231 new liability incidents were reported with initial reserves totalling $363,733. This represented a 1.7% decrease in the frequency of reported incidents, and an increase of approximately 4.5% in the total reserves.

Agency Adjusting Costs

Adjusting costs for agency claims increased to $94,864 for the 2001/2002 fiscal year from $83,507 for 2000/2001. The number of liability claims closed increased to 235 in the current fiscal year from 88 the previous year, contributing to increased adjusting activity and costs.

Other Claim Activities

An internal Agency Claims Procedure Manual was prepared to assist branch staff, including Interim Agency Claims Manager, and to facilitate efficient, consistent claims handling.

Intentional Damage Compensation Plan

Branch personnel monitored the administration of the Foster Parents Intentional Damage Compensation Plan for the Department of Family Services and Housing.

A total of 128 claims were settled at a total cost of $82,412 plus administrative costs of $8,086. This represented a 6% decrease in claim frequency, a 30% increase in claim settlement costs and a 3% increase in claim administration costs.

Requests for Quotations were sent out to adjusting firms to choose the adjusting firm to administer this plan for the next three years. The incumbent firm was successful in retaining the account.

Other Results

The Insurance premium component of the province's "cost of risk" increased in 2001/2002, due mainly to hardening insurance markets. Commercial insurance premiums increased 30%. Unfortunately, increased policy deductibles (400% increase for property) meant that self-insurance assessments also had to be increased.

World re-insurance markets are expected to remain difficult, and it is expected that retail insurance costs will remain high. Increased self-insurance has been employed to cover increased retentions; this activity may have to be increased.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	311.8	5.29	314.8	(3.0)	
Other Expenditures	46.6		60.3	(13.7)	
Insurance Premiums	1,561.5		1,510.0	51.5	*1*
Less: Recoverable from Other Appropriations	(1,561.5)		(1,510.0)	(51.5)	*1*
Total Sub-Appropriation	**358.4**	**5.29**	**375.1**	**(16.7)**	

1. Over expenditure is due to an increase in insurance premiums offset by a corresponding increase in recoveries from other appropriations.

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2001/2002, the FLS Secretariat and its team of facilitators:

- Coordinated, for Manitoba, the inclusion of projects to be funded in 2001/2002 under the Canada/Manitoba General Agreement on the Promotion of Official Languages, a cost sharing Agreement with the federal government.

- Pursued the implementation of recommendations emanating from the Chartier Report, including the opening of the first tri-level bilingual service centre in St. Boniface with the participation of the following departments: Family Services and Housing; Finance; Industry, Trade and Mines; Culture, Heritage and Tourism; Consumer and Corporate Affairs; Labour and Immigration; Conservation; Transportation and Government Services; and Justice.

- Finalized plans, designs and tenders for the St. Pierre-Jolys and Notre-Dame-de-Lourdes centres. Commenced preliminary planning for the establishment of the next three centres in Sainte-Anne, Saint-Laurent and South Saint-Vital.

- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Acted as a resource for the *Communauté en Santé* Board for the coordination of policy regarding French language health services. Collaborated with the *Advisory Committee on French Language Social Services* for the development of FLS plans of designated social services agencies and other related issues.

- Continued planning process for implementation of pilot projects in St. Boniface and St. Pierre-Jolys for the delivery, in both English and French, of a full range of services pertaining to the administration of justice. Assisted with the organization of a forum held by the RCMP regarding quality police services in French and with the establishment of an advisory committee to deal with matters related to the delivery of RCMP services in both official languages.

- Created the Geographical Names of Manitoba Publications Working Group to provide recommendations on French language versions of two publications.

- Participated in national meetings of senior officials on French language services as well as in the Ministers' Conference on Francophone Affairs, with the Minister responsible for FLS, which took place in Edmonton, Alberta in September 2001.

- Coordinated French language training initiatives for close to 200 government employees in designated positions and offices, including a training opportunity in Brandon and the upgrading of skills via the Internet. Participated on the *Réseau des apprenants* (French Language Learners' Network), which organized a number of activities for French language learners, outside the classroom setting.

- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.

- Dealt with 22 complaints as well as various issues raised by the public regarding FLS.

- Produced the *Report on French Language Services 2000/2001.*

- Pursued desktop support for FLS in the government's managed environment via the *FLS and Systems Steering Committee*. Phase I of the project was completed with approximately 80 Windows NT workstations being converted to Office 2000, providing users with hardware and software capable of supporting the French language. Commenced Phase II for the conversion of approximately 140 Windows 95 workstations.

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2001-2002	Estimate 2001-2002		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	412.0	10.00	512.3	(100.3)	*1*
Other Expenditures	416.8		575.5	(158.7)	*2*
Total Sub-Appropriation	**828.8**	**10.00**	**1,087.8**	**(259.0)**	

1. *Under expenditure is due to staff vacancies and delays in filling of receptionist positions in the Notre-Dame-de-Lourdes and St. Pierre-Jolys bilingual service centres (BSCs).*
2. *Under expenditure is due to delays in the start-up of the BSCs in Notre-Dame-de-Lourdes and St. Pierre-Jolys*

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions, as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets, and financial products and opportunities available to the province

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

- The Capital Markets Committee
  - Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
  - Determines appropriate investment, borrowing and risk management strategies.

- The Credit Committee
  - Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties as well as limits for exposure to individual financial institutions, reviews documentation standards for financial agreements, and assesses the risk related to investment classes and transactions.

- The Information Technology Planning Committee
  - Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
  - Monitored the continuing progress of the division's Treasury Management System upgrade.

- The Executive Management Committee
  - Meets monthly to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Treasury Division is divided into four functional areas:

- Administration
- Capital Finance
- Money Management and Banking
- Treasury Services

Administration

The Administration function has been allocated two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- establishing strategies for the investment of sinking funds and other long term investment accounts aggregating approximately $7.0 billion;
- establishing interest rates for loans to Crown corporations, government agencies, school boards, hospitals and municipalities;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	116.2	2.00	140.3	(24.1)	
Other Expenditures	73.9		118.1	(44.2)	*1*
Total Sub-Appropriation	**190.1**	**2.00**	**258.4**	**(68.3)**	

1. Under expenditure is due to a reduction in general operating costs.

Capital Finance

The Capital Finance branch of the Treasury Division has been allocated five staff positions for the performance of the following major functions:

- managing the borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- managing sinking funds and other long term investment accounts of the province, Crown corporations and government agencies; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $2,889 million in 2001/2002. This includes $2,368 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2002 using March 31, 2002 foreign exchange rates for conversion of foreign issues, was $14.40 billion ($14.15 billion at March 31, 2001) of which $6.41 billion ($6.79 billion at March 31, 2001) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also coordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Risk Management

The Capital Finance branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2002, 19% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (20% at March 31, 2001) and 6% was payable in U.S. dollars (13% at March 31, 2001).

Investments

Loans and Equity Investments

The Capital Finance branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2001/2002, $1,140.2 million was invested and $938.8 million of principal was repaid. At March 31, 2002 the aggregate amount of advances and equity investments outstanding was $8.7 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Finance branch. At March 31, 2002, sinking funds related to the direct and guaranteed debt of the province amounted to $6.5 billion, up 6.5% from $6.1 billion at March 31, 2001. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1,093 million at February 28, 2002. The Capital Finance branch determines the cash flows of these funds for investment purposes.

Other Responsibilities

The Capital Finance branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority, which assists operators of hospitals to finance their capital expenditures. The branch now funds Health facilities directly.

The branch managed the seventh Hydro Savings Bond campaign. Hydro Bond Series 7 raised $301 million.

2 (b) Capital Finance

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	252.6	5.00	301.0	(48.4)	
Other Expenditures	34.7		37.3	(2.6)	
Total Sub-Appropriation	**287.3**	**5.00**	**338.3**	**(51.0)**	

Money Management and Banking

The Money Management and Banking branch of the Treasury Division, has been allocated eight staff positions for the performance of the following major functions:

- managing the government's monetary resources;
- managing the short term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- managing the banking operations of the government.

Money Management

The Money Management and Banking branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2001/2002, the Money Management program was involved in managing the cash flow for over 1,400,000 cheques and electronic payments, representing approximately $9 billion of transactions processed. In addition, over 800,000 cheques, money orders, drafts and other items, representing approximately 30,000 bank deposits, were processed through the accounts of the government and its remittance processing agent.

Investment and Borrowing

Monitoring and management of the government's cash flow during 2001/2002 resulted in the branch arranging 1,197 short-term money market transactions aggregating over $48 billion of investment purchases and $2.5 billion of investment sales. The branch also arranged for the issue of $310 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to over $61 million while interest paid on the promissory notes issued was approximately $0.8 million. The branch monitored the credit status of approximately two dozen approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

Trust Administration

Over 60 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.5 billion in 2001/2002. Approximately 2,900 trust deposit receipts were issued in 2001/2002 and 4,200 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts in 2001/2002 was in excess of $47 million.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, and evaluates requests for new bank accounts and changes to existing accounts. Also, the branch negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 700 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province. These accounts include the Manitoba Public Insurance Corporation agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments, surveying their needs to consider appropriate applications.

The branch is involved with the operations of each Special Operating Agency in respect to its banking, borrowing and investment activities.

The branch will continue to partner with other areas of government in the application of emerging technology.

2 (c) Money Management and Banking

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	402.7	8.00	443.6	(40.9)	
Other Expenditures	77.9		83.9	(6.0)	
Total Sub-Appropriation	**480.6**	**8.00**	**527.5**	**(46.9)**	

Treasury Services

The Treasury Services branch of the Treasury Division has been allocated ten staff positions for the performance of the following major functions:

- to service and administer the public debt of the province;
- to service and safekeep the investments of the province and certain Crown corporations and government agencies;
- to provide administrative support to the Treasury Division including the coordination of the division's information technology functions;
- to coordinate the preparation of Treasury Division and Public Debt estimates and analyses; and
- to provide a controllership function to the Treasury Division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian Dollars, as well as 17 debenture issues payable in U.S. Dollars, 1 debenture issue payable in Swiss Francs, and 13 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 250 derivative agreements whereby, among other things, all the Swiss Franc and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. Dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the foreign debt obligations of the province required the purchase of 79 million U.S. Dollars.

Servicing the short-term debt obligations of the province required the administration of $1.3 billion in treasury bills and $310 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $7.0 billion.

In servicing these investments the branch processed purchases aggregating $5.7 billion, sales and maturities of $4.9 billion and gross income of $425 million. The branch administered approximately 150 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian Dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 2,400 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $96 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2001/2002, 280 cheques were issued with a total value of $565 million and approximately 770 electronic transfers with a total value of approximately $10 billion were initiated in the branch.

2 (d) Treasury Services

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	468.5	10.00	510.0	(41.5)	
Other Expenditures	50.3		48.3	2.0	
Total Sub-Appropriation	**518.8**	**10.00**	**558.3**	**(39.5)**	

Public Debt (Statutory)

The Treasury Services branch is responsible for coordinating the preparation of Public Debt expenditure estimates and analyses.

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 1998 through 2002, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	1998	**1999**	**2000**	**2001**	**2002**
Net General Provincial Program Debt (millions) [1]	$6,773	$6,774	$6,718	$6,798	$6,651
Per Capita	$5,957	$5,952	$5,872	$5,911	$5,784
As a Percent of Gross Domestic Product	*23.1%*	*22.5%*	*21.5%*	*20.6%*	*19.05%*
Net Cost of Servicing General Provincial Program Debt (millions)	$520	$515	$466	$511	$415
As a Percent of Provincial Revenue	9.1% [2]	8.8%	7.4%	7.6%	6.2%

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*

2. *1997/1998 Provincial Revenue excludes 1997 flood recoveries.*

11 **Public Debt (Statutory)**

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,605,705.4		1,428,291.1	177,414.3	
Trust and Special Funds	56,762.7		55,700.0	1,062.7	
Sub-total	**1,662,468.1**		**1,483,991.1**	**178,477.0**	
Less: Interest and Other Charges received from:					
Sinking Fund Investments	(310,263.5)		(301,900.0)	(8,363.5)	
Manitoba Hydro	(781,896.1)		(580,759.7)	(201,136.4)	
Manitoba Housing and Renewal Corporation	(34,181.9)		(35,073.0)	891.1	
Manitoba Agricultural Credit Corporation	(20,266.0)		(17,276.9)	(2,989.1)	
Other Government Agencies	(12,248.9)		(9,168.3)	(3,080.6)	
Other Loans and Investments	(89,483.7)		(81,681.3)	(7,802.4)	
Sub-total	**(1,248,340.1)**		**(1,025,859.2)**	**(222,480.9)**	
Total Sub-Appropriation	**414,128.0**		**458,131.9**	**(44,003.9)**	*1*

1. *Net under expenditure is due to a decrease in costs due to interest rates and foreign exchange rates.*

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba Government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and coordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, five branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Legislative Building Information Systems;
- Internal Audit and Consulting Services; and
- Enterprise System Management.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	137.4	2.00	135.4	2.0	
Other Expenditures	34.6		17.9	16.7	*1*
Total Sub-Appropriation	**172.0**	**2.00**	**153.3**	**18.7**	

1. *Over expenditure is due to consulting and operating costs associated with amendments to the Provincial Auditor's (Auditor General's) Act, travel and related costs.*

Information Technology Services

Information Technology Services, in existence since April 1993, provides information technology services to the Department of Finance with the exception of Legislative Building Information Systems (LBIS), Treasury Board Secretariat, the Office of Information Technology and Enterprise System Management (ESM).

The primary objective of the branch is to ensure that the Department of Finance has efficient, effective and technologically sound information systems that effectively support the department's objectives in a timely manner.

The branch has been allocated 8.25 staff positions for the performance of the following major functions:

- leadership and coordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2001/2002, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems; and
- the Tax Assistance Office's Homeowner Tax Assistance Audit system.

In addition, staff supported the following major corporate initiatives:

- 3 staff members were seconded to the corporate Better Systems Initiative to implement the new Taxation System;
- 1 staff member was allocated to LBIS for Treasury Division support; and
- 1 staff member was assigned to ESM for POS support.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2001-2002	Estimate 2001-2002		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	403.7	8.25	374.0	29.7	
Other Expenditures	74.7		77.1	(2.4)	
Total Sub-Appropriation	**478.4**	**8.25**	**451.1**	**27.3**	

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 394,087 direct deposits and issued 1,656 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 394,613 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments.

Processing and collection of amounts owing to the government for shared cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established time tables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with the Financial Administration Act. The summary financial statements of the government represented by Volume 1 of Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 28, 2001. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on January 31, 2002.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,946.2	41.50	2,010.6	(64.4)	
Other Expenditures	885.6		813.0	72.6	
Less: Recoverable from Other Appropriations	(316.6)		(325.9)	9.3	
Total Sub-Appropriation	**2,515.2**	**41.50**	**2,497.7**	**17.5**	

Legislative Building Information Systems

The branch is responsible for providing complete Information Technology services to all staff in the Legislative Building, both government and non-government, as well as providing distinctive service to external clients that have a business requirement to communicate with clients in the building

Clients include government's most senior executives in Executive Council and Deputy Ministers' offices; staff in the offices of Treasury Division, Information Services, Legislative Library, Tourism, Facilities, and Security; Legislative Assembly staff in the Speaker's offices, Members' Allowances, Caucuses, and elected Members of Legislative Assembly; and the Lieutenant Governor's office.

Since users in the Legislative Building span all government departments, the branch has at times undertaken responsibility for corporate initiatives that address information requirements of Manitoba's senior executives.

As well as providing operational services in support of clients, desktops, the communications infrastructure, servers and applications, the branch has the following accomplishments for fiscal year 2001/2002:

- Upgraded the communications infrastructure from hubs to switched technology.
- Designed and developed a web-based Activity and Issues Management system that is used by all government executive offices in the Legislative Building as well as over 100 departmental staff. Development and implementation will continue into fiscal year 2002/2003.
- Enlisted an external Vulnerability Assessment of the Legislative Building network perimeter.
- Upgraded the security infrastructure, including a firewall upgrade, an upgrade to tools that monitor the network, and the implementation of secure remote access to information on the Legislative Building servers from anywhere in the world.
- Designed and implemented a Case Management system for Family Services and Housing Minister's and Deputy Minister's offices.
- Provided consulting, technical and project management services for Treasury Division in support of the Treasury function. This included major infrastructure and software upgrades for Financial Management systems, enhanced reporting for the Treasury Management system, and support for the implementation of the first phase of a re-write to the Trust Management system. These projects will continue into fiscal year 2002/2003.
- Analysed user requirements for Records Management and evaluated Records Management software.
- Designed and implemented a system that delivers on-demand and archival audio/video of question period and proceedings in committee rooms to the building-wide Intranet.
- Implemented a web-based application to allow sharing of information for speechwriters.
- Implemented several web-based applications for the Legislative Assembly; an Internet Greetings application for the Speaker's office, an application that allows registration of committee witnesses and an MLA tracking system for the Clerk's office.
- Implemented a system that delivers in real-time, e-mail and schedules residing on the Legislative Building servers to a wireless Blackberry device.

3 (d) Legislative Building Information Systems

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	758.8	13.00	788.5	(29.7)	
Other Expenditures	314.3		319.4	(5.1)	
Total Sub-Appropriation	**1,073.1**	**13.00**	**1,107.9**	**(34.8)**	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2001/2002 included:

- The completion of 57 audits during the year (2000/2001: 65), based on assignments greater than 100 hours. Of these, 6 (2000/2001: 9) were value for money audits, 24 (2000/2001: 34) were primarily focused on financial and management practices, and 27 (2000/2001: 22) other engagements were completed.
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department.
- Development and presentation of risk management information for managers across government.
- Internal assessment of audit processes.
- Participation in IIA and ISACA boards and activities.
- Provided leadership to the Financial Management Development Program.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,563.1	27.50	1,788.8	(225.7)	*1*
Other Expenditures	217.2		241.2	(24.0)	
Total Sub-Appropriation	**1,780.3**	**27.50**	**2,030.0**	**(249.7)**	

1. Net under expenditure is due to position vacancies.

Enterprise System Management

The Enterprise System Management (ESM) branch supports the business and administrative requirements of the government by providing dependable, cost-effective protection, maintenance and enhancement capabilities in support of the enterprise-wide integrated Finance/Procurement and Human Resource/Payroll management system (SAP). SAP is a government-wide system implemented within all government departments and certain specific organizations/entities.

The branch:

- manages system improvements or enhancements by defining and prioritizing these in conjunction with government departments;
- analyses, designs and builds solutions to support government-wide business requirements and ensures the system is current with all legislative and policy changes;
- configures and tests Finance, Procurement, Human Resource(HR) and Payroll processes/modules;
- provides expert support to end-users in all government departments;
- develops and provides multiple classroom sessions and customized user workshops; and
- manages technology and infrastructure required to deliver the SAP product in the Manitoba environment.

In the 2001/2002 fiscal year, 232 Finance, Procurement and HR system changes were completed. These system changes included reports, interfaces, configuration and customization. Of these, 87 were to resolve end-user problems, 50 were enhancements done at the request of departments and central operations and 95 were mandatory changes as a result of policy and legislative changes.

Significant initiatives were also undertaken in 2001/2002, including:

- Manager's Desktop (Management Reporting) – Sophisticated SAP functionality was configured to provide managers direct access to a range of key management reports. Approximately 350 managers attended Manager's Desktop training and went "live" on SAP in 2001/2002.
- Mass Lay-off/Recall/Prepaid Benefits process - In partnership with Transportation and Government Services, Conservation and Legislative Assembly, ESM introduced new system functionality and redesigned the business process of mass lay-off, re-calls and associated prepaid benefits.
- Quality Assurance Review of HR/Payroll – An SAP Canada Ltd review that identified issues and proposed solutions aimed at improving system performance and user efficiency.
- Competencies Based Management – The design and collaborative implementation of a pilot intended to determine the adequacy of SAP's competence based managed functionality.
- Absence Quotas – A complex technical HR upgrade was implemented to provide better tracking and reporting of leave entitlements (vacation, overtime, sick leave, etc.). Comprehensive testing was extended into 2002/2003 with implementation occurring May 2002.
- Pilot to determine the practicality of using the Intranet to accommodate user access to current SAP graphical user interface (gui) releases.
- Electronic Funds Transfer to Trade Vendors – Implementation of the technical requirements to expand the electronic funds transfer capabilities to vendors.

The hardware landscape was upgraded to meet the ongoing system requirements and a Disaster Recovery site was established for SAP Operations.

Responsibility for Point of Service (POS) was transferred to ESM effective April 2001. All workstations were upgraded to one common software version and new servers were implemented to stabilize the environment.

3 (f) Enterprise System Management

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,536.6	43.00	2,566.8	(30.2)	
Other Expenditures	5,524.1		6,334.7	(810.6)	*1*
Total Sub-Appropriation	**8,060.7**	**43.00**	**8,901.5**	**(840.8)**	

1. *Under expenditure is due to reduction in contractual and maintenance costs, reduction in end-user training costs and other general operating cost reduction.*

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1, Part IV
The Tobacco Tax Act
The continuing phase-out of the Manitoba Succession Duty and Gift Tax Acts

- Actual revenues for the 2001/2002 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Lease Tax and the Environmental Protection Tax, were $1,782,690,800 and fell short of the estimated revenues by $2,021,200. The major variances from the estimate are as follows:
  - Corporation Capital Tax revenues fell short of the estimate by $5,068,400. Some large remitters remitted less tax than expected based on their prior year tax return in expectation of lower taxable capital in the current fiscal year;
  - Retail Sales Tax revenues exceeded the estimate by $7,959,800 or 0.8%;
  - Mining Tax revenues fell short of the estimate by $10,642,900 reflecting lower than anticipated world base metal prices;

Taxation Division
Comparative Statement of Actual Revenues ($000s)
For Fiscal Years Ending March 1998 to March 2002

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Corporation Capital Tax	118,687.8	120,166.6	134,544.3	124,182.5	132,431.6
Gasoline Tax	152,156.7	155,672.9	154,373.4	156,877.1	156,590.1
Levy for Health & Education	216,194.0	224,121.8	225,255.0	238,785.3	244,415.8
Succession Duty and Gift Tax	39.7	39.7	39.7	39.7	358.9
Mining Claim Tax	71.1	71.3	71.1	71.0	71.2
Mining Tax	24,304.4	2,765.0	7,262.1	45,443.1	9,357.1
Motive Fuel Tax	65,928.4	68,711.5	64,060.0	66,670.5	66,281.0
Retail Sales Tax	830,142.2	882,708.8	917,666.5	932,782.9	965,559.8
Revenue Act, 1964, Part I	51,756.6	55,330.3	56,955.7	67,981.0	65,923.8
Tobacco Tax	112,752.4	114,919.4	112,531.5	121,478.6	138,301.9
Environmental Protection Tax	2,823.6	2,995.0	3,349.5	3,036.9	3,399.6
Total	1,574,856.9	1,627,502.3	1,676,108.6	1,757,348.6	1,782,690.8

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation as directed;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts, and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and recommend required changes to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to coordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year included the following:

- provided the Minister of Finance and the Deputy Minister with recommendations for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- worked closely with several construction associations to implement sales tax changes that simplify the application of sales tax on mechanical and electrical contract and ensure a level playing field on contract bids;
- developed a Taxation Division web site with over 50 bilingual forms and information bulletins;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liased with Canada Customs and Revenue Agency (CCRA) and other jurisdictions on co-operative information exchanges and other taxation administration and management issues;
- continued participation in the Better Systems Initiative and implementation of the new computer system to enhance public services; and
- participated in the development of the department's business plan.

The results obtained during 2001/2002 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;

- official communications prepared in a timely manner;
- set of key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- Taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	999.1	18.50	1,096.6	(97.5)	
Other Expenditures	157.3		170.2	(12.9)	
Total Sub-Appropriation	**1,156.4**	**18.50**	**1,266.8**	**(110.4)**	

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to its clients.

The staffing complement for the 2001/2002 fiscal year was 74.42 staff positions. The branch is production oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $1.78 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as the Mining Claim Lease Tax and the Environmental Protection Tax.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- to provide an effective and efficient tax gathering system;
- training and development of staff;
- to ensure tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- to promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collected outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling was conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;

- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the Board; and
- participated in the Better Systems Initiative working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2001/2002 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. In 1995, the Taxation Division entered into an agreement with the Tire Stewardship Board to process tire levy remittances. The applicable revenue and remittance information is transmitted to the Tire Stewardship Board on a monthly basis.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on employers' total annual gross remuneration paid to their employees. In 1999, employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act imposes a tax on corporations' taxable paid up capital as defined in the Act. In general terms, taxable capital is "net funds" invested in corporations. "Funds" include all types of investments such as mortgages, loans and shareholders' equity. If the taxable paid up capital is less than $5,000,000 the corporation is exempt from this tax. Associated corporations are required to share the exemption. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks, trust and loan companies are taxed based on the shareholder equity at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, aviation fuel and gasohol, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and aviation fuel for international cargo).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under The Gasoline Tax Act, subject to certain exemptions (coloured fuel used for farming, fishing, trapping, logging and domestic home heating). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a single tax return which accounts for travel in all jurisdictions. The branch is responsible for verifying the returns and either issuing a recovery notice or refund to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for manufacturing and mining has been reduced to 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations (after allowing a processing allowance).

Operational Results

Operational results for the 2001/2002 fiscal year include 76,205 registered vendors, collectors and deputy collectors and 336,451 returns generated per annum.

The Administration branch also processed 19,603 refunds (representing $57,896,000) and chargebacks (representing $1,785,867).

As at March 31, 2002, there were service stations operating on 58 Indian Reserves and 131 retailers who had entered into an agreement with the province to provide tax-free fuel to Status Natives. A total of $5,789,563 representing 2,835 claims was disbursed under this program during the 2001/2002 fiscal year for both diesel and gasoline fuel.

In the 2001/2002 fiscal year, the Manitoba Government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2002 there were 58 Indian Bands who had entered into agreements. A total of $7,828,802 representing 1,202 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services Section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk plant operations.

Collection recoveries for the 2001/2002 fiscal year for the three major statutes (Retails Sales Tax, Health and Post Secondary Education Levy and Corporation Capital Tax) were $20,865,402.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,999.4	74.42	3,059.3	(59.9)	
Other Expenditures	4,051.6		4,214.4	(162.8)	*1*
Total Sub-Appropriation	**7,051.0**	**74.42**	**7,273.7**	**(222.7)**	

1. Under expenditure is primarily due to a reduction in the provision for taxation receivables deemed uncollectible.

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province, through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** comprises two groups - Desk Audit and Field Audit; these groups are responsible for conducting audits of taxpayers under various Taxation Statutes administered by the Taxation Division;

- **Audit Review** is responsible for the quality review of audit files, file selection, workload development and for the development of audit policies and procedures;

- **Investigations** is responsible for gathering evidence and the investigation of violations of Taxation Statutes administered by the Taxation Division; and

- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg.

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the Taxation Statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the Taxation Statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year included the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- continued to refine a comprehensive computerized Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of lap top computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Customs and Revenue Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax project:
  - participated in a steering committee of the project - which is working on common definitions and legislation, co-operation at border points and changing this forum to a permanent Fuel Tax Council; and
  - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis and to identify operational audit and enforcement best practices to detect fuel tax evasions;
- participated in the Better Systems Initiative - a project aimed at improving public services through streamlined processes and the use of technology;

- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop between industry and government, secure methods of marking tobacco products;
- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt coloured fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- Continued training staff in IFTA audit programs and computer software and hardware, and continued conducting IFTA audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, the Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2001/2002 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner;
- policies and procedures developed and/or updated.

Audit			
Winnipeg - Number of Staff	66		
Westman - Number of Staff	9		
Completed refunds			311
Completed files			1,492
Audit recoveries		$	35,847,044
Investigations			
Winnipeg - Number of Staff	13		
Westman - Number of Staff	1		
Completed files			353
Charges			226
Convictions			382
Fines		$	118,319
Recoveries		$	446,119
Audit Review			
Winnipeg - Number of Staff	4		
Reviewed audit files			546
Reviewed Notices of Assessments			108

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,041.8	93.00	5,467.7	(425.9)	*1*
Other Expenditures	987.0		1,012.0	(25.0)	
Total Sub-Appropriation	**6,028.8**	**93.00**	**6,479.7**	**(450.9)**	

1. Under expenditure is due to position vacancies.

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under the Tobacco Tax Act. This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Customs and Revenue Agency (CCRA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to coordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- refined the program to stop the illegal importation of tobacco from Eastern Canada into the Western provinces including utilizing technology used by CCRA to detect the presence of tobacco in commercial motor vehicles;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, Canada Customs, RCMP, Ontario Provincial Police, Brandon Police Service and Kenora Police Force;
- updated a smuggler profile for use by law enforcement agencies to intercept major shipments;
- liased with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;

- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2001/2002 include:

- maintained an effective tax gathering system which protects revenues under the Tobacco Tax Act;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction

Investigations Staff 10 Equivalent Full Time *

Completed files		67
Charges		36
Convictions		23
Fines	$	12,975
Recoveries	$	263,711

* In addition, staff of the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	504.8	10.00	623.9	(119.1)	
Other Expenditures	234.1		253.4	(19.3)	
Total Sub-Appropriation	**738.9**	**10.00**	**877.3**	**(138.4)**	

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- serving as the principal administrative unit of the province for the Income Tax Act (Manitoba), the Federal-Provincial Fiscal Arrangements Act and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees; and
- administering tax credit programs with the federal government and municipalities.

Major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the Economic and Federal-Provincial Research unit is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister and the Directors of the three branches.

Intergovernmental Finance

The Intergovernmental Finance branch includes seven staff positions.

The branch Director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2001/2002 included: $1,399.2 million in equalization payments; $685.2 million in cash payments for social programs; and $2.3 million in other unconditional subsidies.

The Intergovernmental Finance branch also provides support in administering Provincial-Municipal Tax-Sharing payments.

The Intergovernmental Finance branch coordinates the fiscal analysis necessary for the Minister and Cabinet to develop the Budget, and coordinates the production of the Budget and related documents.

The branch Director and staff represent the province at Federal-Provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Federal-Provincial Relations Secretariat of the Executive Council, the Manitoba Minister on the Council on Social Policy Renewal, and participates with other ministries and participants in various intergovernmental working groups in this region.

Revenue from Federal-Provincial Fiscal Arrangements ($000's) For Fiscal Years Ending March 1998 to March 2002

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Income Taxes					
Individual Income Tax	1,431,075.7	1,807,157.5	1,611,231.5	1,756,646.5	1,658,961.6
Corporation Income Tax	192,702.8	215,227.9	306,819.4	444,127.5	306,381.0
Sub Total	1,623,778.5	2,022,385.4	1,918,050.9	2,200,774.0	1,965,342.6
Federal Transfers					
Equalization	1,164,320.0	912,382.0	1,271,747.0	1,339,236.0	1,399,151.0
Social Transfers:					
- Canada Health and Social Transfer	507,139.4	513,301.0	509,247.0	545,810.0	685,235.8
- Canada Assistance Plan [1]	(3,177.6)	2,139.5	-	-	-
- Federal Health/CHST Supplement	-	-	130,594.8	92,207.0	-
Other Transfers	2,252.5	2,246.1	2,247.7	2,247.7	2,315.6
Sub Total	1,670,534.3	1,430,068.6	1,913,836.5	1,979,500.7	2,086,702.4
Total from Fiscal Arrangements	3,294,312.8	3,452,454.0	3,831,887.4	4,180,274.7	4,052,045.0

1. *The Canada Assistance Plan (CAP) was eliminated with the introduction of the Canada Health and Social Transfer (CHST). 1997/1998 and subsequent amounts arise as a result of final adjustments under the plan.*

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes three staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and Estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch Director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides interdepartmental coordination of economic analysis through the Interdepartmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It also provides and coordinates the technical and analytical input to multi-year fiscal projections including the Medium-Term Fiscal Plan.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has six staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2001/2002 amounted to $1,659.0 million in individual income tax and $306.4 million in corporation income tax.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Manitoba Education Property Tax Credit	166,297.3		173,630.0	(7,332.7)	
Personal Tax Credit	51,292.7		51,950.0	(657.3)	
Manitoba Learning Tax Credit	11,070.4		10,821.0	249.4	
Pensioners' School Tax Assistance	3,330.0		3,764.0	(434.0)	
Political Contribution Tax Credit	494.9		615.0	(120.1)	
Environmentally Sensitive Areas Tax Credit	-		500.0	(500.0)	
Federal Administration Fee	859.1		875.0	(15.9)	
Less: Recoverable from Advanced Education:					
Manitoba Learning Tax Credit	(11,070.4)		(10,821.0)	(249.4)	
Less: Recoverable from Education, Training and Youth:					
Manitoba Education Property Tax Credit	(166,297.3)		(173,630.0)	7,332.7	
Pensioners' School Tax Assistance	(3,330.0)		(3,764.0)	434.0	
Total Sub-Appropriation	**52,646.7**		**53,940.0**	**(1,293.3)**	*1*

1. *Net under expenditure is primarily due to final prior year adjustments, lower claims under Manitoba's income tested credits as a result of taxpayers' incomes rising faster than anticipated and the delay in the implementation of the Environmentally Sensitive Areas Tax Credit in order to accommodate further discussions with the stakeholder groups.*

Administrative Unit

This unit, with a staff of four, provides administrative support, word processing, library and filing services, and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,393.2	21.25	1,438.5	(45.3)	
Other Expenditures	1,743.8		1,646.1	97.7	
Total Sub-Appropriation	**3,137.0**	**21.25**	**3,084.6**	**52.4**	

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit *programs for residents of Manitoba;*
- administering all elements of the Resident Homeowners' Tax Assistance program (Manitoba Education Property Tax Credit Advance);
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims; and
- administering Tax Rebate Discounting.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Customs and Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the Manitoba Income Tax Act.

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	292.6	8.00	350.4	(57.8)	
Other Expenditures	80.4		76.2	4.2	
Total Sub-Appropriation	**373.0**	**8.00**	**426.6**	**(53.6)**	

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and coordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector;
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies;
- providing guidance to departments on a government wide planning and performance measurement initiative.

The 2001/2002 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2001 Manitoba Budget on April 10, 2001.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and coordinates the annual estimates process, and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are aligned on a sectoral basis (Human Services; Economic and Sustainable Development; Community Services) and are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Administrative Policy Office

The Administrative Policy Office (APO) is responsible for two government-wide functions: (1) policy that is part of the ongoing government management process and (2) the government wide planning and performance measurement initiative.

The Office develops, communicates, interprets, monitors and evaluates administrative policies. These policies direct, guide and assist departmental staff in managing government programs and resources in a way that reflects the government's fiscal strategy.

In the development phase of an administrative policy, the APO consults with other sections in the Secretariat and with departments to identify policy-related issues and potential solutions. In some cases, Treasury Board may give specific direction. To communicate administrative policies, the APO publishes the General Manual of Administration and updates it periodically. The APO also advises and provides direction to departments in the interpretation of administrative policies and procedures.

The Administrative Policy Office also manages a government-wide business planning and performance measurement initiative. All departments prepare annual business plans and are in the process of establishing systems to measure the performance of programs. As these measurement systems become operational, there will be greater opportunity to demonstrate the effectiveness of programs and services in realizing longer-term goals.

Coordination of Special Operating Agencies

The Special Operating Agencies Financing Authority Act received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and reduce the cost to government. The Coordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, the Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. Within four years of its establishment as a SOA, it now serves government's transportation needs with 20% fewer vehicles at a cost saving of $6 million annually. Building on this success, the complement of SOAs has reached seventeen, representing 5% of the civil service and $116 million in business for government. In 2001/2002, SOAs reported $33 million in annual cost-savings, representing a 25% efficiency gain for government.

Labour Relations

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to Crown corporations and government-funded agencies.

Results

The Government of Manitoba reached settlements on four collective agreements. Two settlements were reached through interest arbitration and the other two were settled through negotiations.

Negotiation Services continued to provide services related to the implementation and interpretation of collective agreements and providing advice to management on proposed management action. As part of this responsibility, the branch coordinates grievance and arbitration activities on behalf of government.

A grievance handling program was developed and conducted to familiarize human resource consultants with a new approach to resolving disputes through the grievance procedure set out in the collective agreement.

Hosted a successful 3-day conference that brought together labour relations, compensation and classification representatives of the provinces, territories, and federal government.

Compensation Services

Compensation Services provides a complete range of compensation, classification and benefit services to the Compensation Subcommittee of Treasury Board, Treasury Board, government negotiators, human resource practitioners and department managers. Service is also provided to external organizations that require advice, information or interpretation with respect to civil service compensation policies and practices. These services are accomplished through researching, developing, recommending, implementing and administering pay and benefit policies for the civil service compensation and classification systems.

Results

Research was provided to support the collective bargaining of various collective agreements including costing of bargaining demands, arbitration submissions and implementation of collective agreements.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers.

Policies were updated to reflect current compensation policy and practice within the organization.

Classification training was presented to managers and human resource specialists.

An intranet site was developed and introduced for Employee Benefits plans, forms and Collective Agreements.

Benefits Administration

This area is responsible for providing central administrative services for government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies. Negotiated benefits plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision and Long -Term Disability (LTD) plans. A new Prescription Drug Plan and enhancements to the Extended Health Benefits Plan will be implemented on October 1, 2001.

Workers' Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education, is compiled through the branch. Additionally, the branch is responsible for coordinating the budgeting and financial reporting activities related to Employee Pensions and Other Costs.

Results

111 new applications for LTD were received. This represents a 15% increase over 2000/2001. As of March 30, 2002, 237 employees were in receipt of LTD benefits, which is a decrease of 17% from 2000/2001.

Monitored accommodation issues related to redeployment of employees on medical grounds.

Provided administrative support for LTD claims for the provincial community colleges and the Regional Health authorities (for former civil servants only).

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 2001-2002	Estimate 2001-2002		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	3,853.3	66.00	4,281.4	(428.1)	*1*
Other Expenditures	936.5		921.1	15.4	
Total Sub-Appropriation	**4,789.8**	**66.00**	**5,202.5**	**(412.7)**	

1. Under expenditure is due to position vacancies.

OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology (OIT) is responsible for overseeing the strategic use of information technology resources for the Government of Manitoba with a goal of improved operations and better service delivery for the citizens of Manitoba.

To carryout its mandate, OIT resources are aligned in the following four program areas:

- Management Support
- Enterprise Technologies
  - Technical Alignment/Architecture
  - Information Protection Centre
  - ManWeb
  - Hosting Service Centre
- Strategic Planning and eGovernment
- Business Analysis

OIT Responsibilities:

Provide strategic direction to government regarding the use of information technology.

Represent the government's IT views to IT communities.

Develop project planning, budgeting and reporting mechanisms to manage IT investments.

Provide input into the policies and legislation to support the use of information technology.

Develop strategies to support competency development of IT professionals.

Design and monitor the standardized corporate IT infrastructure.

Develop an enterprise information technology architecture for government that promotes standards and best practices for use throughout government.

Cultivate co-operation and coordination between departments and agencies that will facilitate the development and ongoing operation of government IT initiatives.

Work with program managers to maximize the business value of IT.

Facilitate the integration of IT and business planning cycles by working with program managers and IT directors.

Ensure the security of government systems, confidential information, and electronic transactions.

Manage the province's presence on the World Wide Web, enable the use of the INTRANET and ensure reliable Web services including developmental standards, best practices and hosting.

Provide IT contract negotiation support and development of IT contracting best practices for government.

Management Support

Management Support provides executive and administrative support to the Chief Information Officer and staff of OIT. This group also provides office and financial management and essential financial analyses for proposed IT projects, strategic initiatives and IT systems plans.

Enterprise Technologies

Responsible for the planning and design of the government's enterprise-wide technology architecture and infrastructure, including the monitoring of IT assets to ensure appropriate use, adherence to standards and management of strategic services that support the corporate architecture and infrastructure.

a) Technical Alignment/Architecture

Responsible for the planning and design of the enterprise-wide technology architecture for use and ensuring appropriate use of technology. During 2001/2002:

- work began on the enterprise architecture.

b) Information Protection Centre

The IPC is responsible for maintaining the standards and infrastructure required for a reliable security posture for the province's information technology related systems. During 2001/2002:

- security of government systems, confidential information and electronic transactions was protected;
- virus threats were successfully contained, therefore, very little cost disruption was encountered from outside threats.

c) ManWeb

Responsible for the development of best practices and standards for Web design and development and provide assistance to departments in the development and delivery of their Web presence and services. During 2001/2002:

- worked with departments to ensure that departmental Web sites, both new and existing, complied with standards set for provincial sites.

d) Hosting Service Centre

Responsible for the maintenance of the technical and operational integrity of the government's web presence, which is defined as the expected, reliable and consistent performance of the underlying technology. During 2001/2002:

- maintained the Province of Manitoba's presence on the World Wide Web;
- continued to improve the reliability of the Web servers and hosting services.

Strategic Planning and eGovernment

Involved in articulating the vision for information technology and eGovernment in the Manitoba Government, and establishing the high level priorities and strategic planning needed to achieve that vision. The group will also seek opportunities to align the province's technology resources to meet government goals. During 2001/2002:

- completed the eManitoba Report Card that defined strategies to move forward eGovernment;
- the IT Competency Development Program delivered 211 individual training requests to support the development of IT professionals.

Business Analysis

Business Analysis provides guidance and advice to departments in managing their portfolio of information technology investments. Based on the interaction with departments, the group provides feedback to functional areas within OIT to assist in the overall planning of strategic and tactical activities. Each analyst is assigned a portfolio of departments serving as a primary point of contact for corporate IT-related issues. During 2001/2002:

- facilitated the integration of IT and business planning cycles by working with program managers and IT directors;
- cultivated co-operation and coordination between departments to facilitate the development and ongoing operation of government IT initiatives.

Better Systems Initiative (BSI)

The Better Systems Initiative (BSI) is one of several information technology initiatives within the province's strategic plan to improve government's ability to deliver better service. Specifically, BSI's focus is eGovernment. The long-term vision is to provide the public with multi-channel access to services and information while presenting government with a consolidated view of the businesses and citizens it serves.

Work began on designing systems and implementing a technical infrastructure to support the development and operation of "electronic service" systems across government in 1998/1999. Since then, work has been completed on:

1. Labour Information Network (LINK) – a Business Inspections application
2. On-line Human Services and Business Services Guide www.gov.mb.ca/hsg and www.gov.mb.ca/bsg.
3. Education and Training Services (ETS) Financial/Case Management Application. (http:/direct.internal/servlet/ca.mb.gov.swi.servlets)
4. Personal Property Registry Application (http://direct.tgov.mb.ca/bsi/swi/ppr.htm)
5. Student Financial Assistance On-Line Loan Application and Assessment (www.studentaid.gov.mb.ca)
6. Daycare Subsidy Eligibility Estimator and On-Line Application www.gov.mb.ca/see and www.gov.mb.ca/childcare
7. French Language Services Test Lab

In 2001/2002 the initiative implemented the first phase of a new taxation system designed to ultimately allow for electronic tax filing over the Internet.

Several additional daycare related applications to support daycare facilities dealing with attendance reporting and the ability to search for daycare vacancies have been completed.

As well, a new "Manitoba On-Line" system was implemented providing external clients with the ability to use the Internet provider of choice to access government information.

Companies Name Reservation, a new on-line application allowing citizens and businesses to search and reserve business names was also released.

In addition, development work was started on an Internet access/application for Oil & Gas Permits and the implementation of a Common Business Identifier that will allow easy identification of businesses across all government programs. Implementation of these assets will occur in 2002/2003.

The applications that have been deployed have demonstrated improved service delivery to citizens through the provision of a combination of:

- On-line self-service to citizens;
- Extended hours (24 hours a day, seven days a week);
- French language services; and
- More equitable access to information and services province-wide.

8 Office of InformationTechnology

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,810.4	29.00	1,932.5	(122.1)	
Other Expenditures	2,177.3		2,883.5	(706.2)	*1*
Less: Recoverable from Other Appropriations	(84.6)		(120.0)	35.4	*2*
Total Sub-Appropriation	**3,903.1**	**29.00**	**4,696.0**	**(792.9)**	

1. Under expenditure is due to reduced consulting costs and reduction in travel and related costs.
2. Under recovery is due to a reduction in recoverable costs applicable to other departments.

Capital Investment

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2002, the department's capital authority provided for the purchase of hardware and software to provide for the development of an information technology infrastructure refresh business plan and to enhance SAP-based government-wide management reporting. SAP functionality was configured to provide managers direct access to a range of key management reports, thereby negating the purchase of third party software. Expenditures related to this configuration are reported under Enterprise System Management. Support for internal reform initiatives involving the use of information technology in the delivery of government's services, including the Better Systems Initiative, are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation	Actual 2001-2002 $(000s)	Estimate 2001-2002 FTEs	Estimate 2001-2002 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
B.6 Finance					
Enterprise System	-		500.0	(500.0)	*1*
Other Information Technology Projects	259.8		917.0	(657.2)	*2*
Total Sub-Appropriation	**259.8**		**1,417.0**	**(1,157.2)**	

1. *Under expenditure is due to a reduction in third party software and utilization of in-house development.*
2. *Under expenditure is due to deferral of the desktop refresh pilot.*

Sustainable Development

The department is committed to the Principles and Guidelines set out in The Sustainable Development Act and works to incorporate them in department activities, programs and business practices. In support of these Principles and Guidelines, the department continued its efforts throughout 2001/2002 for continuous improvements to financial management and reporting practices that enhance transparency and accountability. The department's efforts for this period included:

- The production of The Annual Report, covering all Government operations and providing a comprehensive reporting on operating results, and commentary on fiscal and economic results. The report will contain one set of financial statements for the entire Government reporting entity and a special purpose statement showing stewardship of the Consolidated Fund.

- A Summary Budget presentation in the annual Provincial Budget, providing comprehensive disclosure of the entire Manitoba Government reporting entity. It included comparative information on prior years and more complete explanations of the components of the budget.

- Enhancing the availability of government information through initiatives and activities that include maintaining and supporting the province's presence on the World Wide Web, and providing public access to information in a timely manner. Support was provided, through the Better Systems Initiative, for the deployment of a new "Manitoba On-Line" system for accessing government information.

- Involvement of Manitobans in the budget process and other issues through numerous consultations, forums and meetings as well as undertaking pre-budget polling.

- Continued use of a recycling program for used paper, procurement of recycled products to the extent possible, and efforts to minimize paper usage (through double-sided photocopying, etc).

Department of Finance
Reconciliation Statement
Part A – Operating Expenditure

$(000s)

Details	2001-2002 Estimate
2001-2002 Main Estimates	$560,697.4
Allocation of Funds from:	
Canada-Manitoba Enabling Vote	770.0
Internal Reform, Workforce Adjustment and General Salary Increases	1,027.5
2001-2002 Estimate	**$562,494.9**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Estimate 2001-2002		Appropriation	Actual 2001-2002	Actual 2000-2001	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
28.1	(a)	Minister's Salary	28.1	27.1	1.0	
	(b)	Executive Support				
421.2		Salaries and Employee Benefits	368.3	383.9	(15.6)	
87.2		Other Expenditures	116.1	94.7	21.4	1
	(c)	Management Services				
513.6		Salaries and Employee Benefits	454.3	439.2	15.1	
73.2		Other Expenditures	60.1	56.2	3.9	
20.6	(d)	Tax Appeal Commission	16.8	14.1	2.7	
	(e)	French Language Services Secretariat				
512.3		Salaries and Employee Benefits	412.0	429.4	(17.4)	
575.5		Other Expenditures	416.8	356.4	60.4	2
2,231.7		Subtotal 07- 1	1,872.5	1,801.0	71.5	
	07- 2	TREASURY				
	(a)	Administration				
140.3		Salaries and Employee Benefits	116.2	124.1	(7.9)	
118.1		Other Expenditures	73.9	104.0	(30.1)	3
	(b)	Capital Finance				
301.0		Salaries and Employee Benefits	252.6	258.3	(5.7)	
37.3		Other Expenditures	34.7	35.0	(0.3)	
	(c)	Money Management and Banking				
443.6		Salaries and Employee Benefits	402.7	385.1	17.6	
83.9		Other Expenditures	77.9	255.7	(177.8)	4
	(d)	Treasury Services				
510.0		Salaries and Employee Benefits	468.5	491.5	(23.0)	
48.3		Other Expenditures	50.3	51.7	(1.4)	
1,682.5		Subtotal 07- 2	1,476.8	1,705.4	(228.6)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Estimate 2001-2002		Appropriation	Actual 2001-2002	Actual 2000-2001	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
135.4		Salaries and Employee Benefits	137.4	127.7	9.7	
17.9		Other Expenditures	34.6	78.5	(43.9)	5
	(b)	Information Technology Services				
374.0		Salaries and Employee Benefits	403.7	344.9	58.8	
77.1		Other Expenditures	74.7	90.1	(15.4)	
	(c)	Disbursements and Accounting				
2,010.6		Salaries and Employee Benefits	1,946.2	1,838.3	107.9	
813.0		Other Expenditures	885.6	1,139.8	(254.2)	6
(325.9)		Less: Recoverable from Other Appropriations	(316.6)	(314.5)	(2.1)	
	(d)	Legislative Building Information Systems				
788.5		Salaries and Employee Benefits	758.8	706.3	52.5	
319.4		Other Expenditures	314.3	319.3	(5.0)	
	(e)	Internal Audit and Consulting Services				
1,788.8		Salaries and Employee Benefits	1,563.1	1,417.1	146.0	
241.2		Other Expenditures	217.2	209.0	8.2	
	(f)	Enterprise System Management				
2,566.8		Salaries and Employee Benefits	2,536.6	2,021.2	515.4	7
6,334.7		Other Expenditures	5,524.1	6,199.8	(675.7)	8
15,141.5		Subtotal 07- 3	14,079.7	14,177.5	(97.8)	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Estimate 2001-2002		Appropriation	Actual 2001-2002	Actual 2000-2001	Increase (Decrease)	Explanation Number
	07- 4	TAXATION				
	(a)	Management and Research				
1,096.6		Salaries and Employee Benefits	999.1	950.2	48.9	
170.2		Other Expenditures	157.3	164.9	(7.6)	
	(b)	Taxation Administration				
3,059.3		Salaries and Employee Benefits	2,999.4	2,916.9	82.5	
4,214.4		Other Expenditures	4,051.6	4,281.3	(229.7)	9
	(c)	Audit				
5,467.7		Salaries and Employee Benefits	5,041.8	4,826.4	215.4	
1,012.0		Other Expenditures	987.0	1,097.4	(110.4)	
	(d)	Tobacco Interdiction				
623.9		Salaries and Employee Benefits	504.8	420.9	83.9	
253.4		Other Expenditures	234.1	237.5	(3.4)	
15,897.5		Subtotal 07- 4	14,975.1	14,895.5	79.6	
	07- 5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal Provincial Research				
1,438.5		Salaries and Employee Benefits	1,393.2	1,235.1	158.1	10
1,646.1		Other Expenditures	1,743.8	652.9	1,090.9	11
	(b)	Manitoba Tax Assistance Office				
350.4		Salaries and Employee Benefits	292.6	263.0	29.6	
76.2		Other Expenditures	80.4	67.0	13.4	
3,511.2		Subtotal 07- 5	3,510.0	2,218.0	1,292.0	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Estimate 2001-2002		Appropriation	Actual 2001-2002	Actual 2000-2001	Increase (Decrease)	Explanation Number
	07- 6	INSURANCE AND RISK MANAGEMENT				
314.8	(a)	Salaries and Employee Benefits	311.8	299.3	12.5	
60.3	(b)	Other Expenditures	46.6	50.3	(3.7)	
1,510.0	(c)	Insurance Premiums	1,561.5	1,259.9	301.6	12
(1,510.0)	(d)	Less: Recoverable from Other Appropriations	(1,561.5)	(1,259.9)	(301.6)	12
375.1		Subtotal 07- 6	358.4	349.6	8.8	
	07- 7	TREASURY BOARD SECRETARIAT				
4,281.4	(a)	Salaries and Employee Benefits	3,853.3	3,793.2	60.1	
921.1	(b)	Other Expenditures	936.5	869.9	66.6	
5,202.5		Subtotal 07- 7	4,789.8	4,663.1	126.7	
	07- 8	OFFICE OF INFORMATION TECHNOLOGY				
1,932.5	(a)	Salaries and Employee Benefits	1,810.4	1,858.1	(47.7)	
2,883.5	(b)	Other Expenditures	2,177.3	2,408.9	(231.6)	
(120.0)	(c)	Less: Recoverable from Other Appropriations	(84.6)	(8.2)	(76.4)	
4,696.0		Subtotal 07- 8	3,903.1	4,258.8	(355.7)	
	07- 9	AMORTIZATION OF CAPITAL ASSETS				
	(a)	Enterprise System				
3,527.6		Enterprise System - Amortization Expense	3,444.6	3,444.5	0.1	
(3,527.6)		Less: Recoverable from Other Appropriations	(3,444.6)	(3,444.5)	(0.1)	
1,685.0	(b)	Amortization Expense	1,559.5	1,122.5	437.0	13
1,685.0		Subtotal 07- 9	1,559.5	1,122.5	437.0	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Estimate 2001-2002		Appropriation	Actual 2001-2002	Actual 2000-2001	Increase (Decrease)	Explanation Number
	07-10	NET TAX CREDIT PAYMENTS				
173,630.0		Manitoba Education Property Tax Credit	166,297.3	151,249.6	15,047.7	
51,950.0		Personal Tax Credit	51,292.7	49,652.4	1,640.3	
10,821.0		Manitoba Learning Tax Credit	11,070.4	12,272.7	(1,202.3)	
3,764.0		Pensioners' School Tax Assistance	3,330.0	3,458.8	(128.8)	
615.0		Political Contribution Tax Credit	494.9	612.5	(117.6)	
500.0		Environmentally Sensitive Areas Tax Credit	-	-	-	
875.0		Federal Administration Fee	859.1	856.3	2.8	
		Less: Recoverable from Advanced Education:				
(10,821.0)		Manitoba Learning Tax Credit	(11,070.4)	(12,272.7)	1,202.3	
		Less: Recoverable from Education, Training and Youth:				
(173,630.0)		Manitoba Education Property Tax Credit	(166,297.3)	(151,249.6)	(15,047.7)	
(3,764.0)		Pensioners' School Tax Assistance	(3,330.0)	(3,458.8)	128.8	
53,940.0		Subtotal 07-10	52,646.7	51,121.2	1,525.5	14
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,428,291.1		the Public Debt of Manitoba and related expenses	1,605,705.4	1,661,933.1	(56,227.7)	
55,700.0		Trust and Special Funds	56,762.7	68,932.9	(12,170.2)	
	(b)	Less: Interest and Other Charges received from:				
(301,900.0)		Sinking Fund Investments	(310,263.5)	(360,558.9)	50,295.4	
(580,759.7)		Manitoba Hydro	(781,896.1)	(688,150.6)	(93,745.5)	
(35,073.0)		Manitoba Housing and Renewal Corporation	(34,181.9)	(35,521.2)	1,339.3	
(17,276.9)		Manitoba Agricultural Credit Corporation	(20,266.0)	(19,992.6)	(273.4)	
(9,168.3)		Other Government Agencies	(12,248.9)	(11,283.7)	(965.2)	
(81,681.3)		Other Loans and Investments	(89,483.7)	(104,636.3)	15,152.6	
458,131.9		Subtotal 07-11	414,128.0	510,722.7	(96,594.7)	15
562,494.9		Total Expenditures	513,299.6	607,035.3	(93,735.7)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2002 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is primarily due to increased travel and related costs to attend federal-provincial meetings.
2. Increase is due to the costs associated with the establishment of bilingual government service centres.
3. Decrease reflects reduction in discretionary spending in 2001/2002.
4. Decrease is due to the banking charges being transferred to and processed through Public Debt in 2001/2002.
5. Decrease is due to a reduction in consulting services associated with the drafting of the Provincial Auditor's (Auditor General's) revised Act and amendments to the Budget Legislation undertaken in 2000/2001.
6. Decrease is due to non-recurring costs for renovations undertaken in 2000/2001 as well as reduction in accommodation and computer related contractual costs.
7. Increase is due essentially to the capitalization of salary costs in 2000/2001 related to the version upgrade of the Finance/Procurement and Human Resource/Payroll management system (SAP).
8. Decrease is due to a reduction in consulting costs and general operating reductions offset in part by hardware/software leases, POS expenditures and staff training related to the version upgrade.
9. Decrease essentially reflects a reduction in the provision for doubtful accounts.
10. Increase is due to the additional support related to the Tax on Net Income, increase in salary rates and reduced vacancies.
11. Increase is essentially due to the Tax on Net Income administration fee for 2001/2002.
12. Increase is due to the increase in premiums offset by corresponding recoveries from other appropriations.
13. Increase is due to the full year amortization costs associated with the SAP version upgrade and Point of Service system.
14. Net increase is due to the impact of the increase in the maximum and minimum Manitoba Property Tax Credits for 2000 and 2001 offset in part by final prior year adjustments.
15. Decrease is due to foreign exchange rates (U.S. dollar) and interest rates in addition to increases in other income.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2002 with comparative figures for the previous fiscal year ($000s)

Actual 2000-2001	Actual 2001-2002	Increase (Decrease)		Source	Actual 2001-2002	Estimate 2001-2002	Variance	Expl. No.
				CURRENT OPERATING PROGRAMS				
				TAXATION				
444,127.5	306,381.0	(137,746.5)	a.1	Corporation Income Tax	306,381.0	375,200.0	(68,819.0)	1
1,756,646.5	1,658,961.6	(97,684.9)	a.2	Individual Income Tax	1,658,961.6	1,754,350.0	(95,388.4)	2
124,182.5	132,431.6	8,249.1	b	Corporation Capital Tax	132,431.6	137,500.0	(5,068.4)	3
156,877.1	156,590.1	(287.0)	c	Gasoline Tax	156,590.1	157,000.0	(409.9)	
238,785.3	244,415.8	5,630.5	d	Levy for Health and Education	244,415.8	241,400.0	3,015.8	
39.7	358.9	319.2	e	Succession Duty and Gift Tax	358.9	40.0	318.9	
71.0	71.2	0.2	f	Mining Claim Lease Tax	71.2	72.0	(0.8)	
45,443.1	9,357.1	(36,086.0)	g	Mining Tax	9,357.1	20,000.0	(10,642.9)	4
66,670.5	66,281.0	(389.5)	h	Motive Fuel Tax	66,281.0	67,000.0	(719.0)	
932,782.9	965,559.8	32,776.9	i	Retail Sales Tax	965,559.8	957,600.0	7,959.8	5
67,981.0	65,923.8	(2,057.2)	j	Revenue Act, 1964, Part 1	65,923.8	65,600.0	323.8	
121,478.6	138,301.9	16,823.3	k	Tobacco Tax	138,301.9	135,500.0	2,801.9	6
3,036.9	3,399.6	362.7	l	Environmental Protection Tax	3,399.6	3,000.0	399.6	
3,958,122.6	3,748,033.4	(210,089.2)		Subtotal	3,748,033.4	3,914,262.0	(166,228.6)	
				GOVERNMENT OF CANADA				
1,339,236.0	1,399,151.0	59,915.0	a	Equalization	1,399,151.0	1,306,100.0	93,051.0	7
545,810.0	685,235.8	139,425.8	b	Canada Health and Social Transfer (CHST)	685,235.8	677,800.0	7,435.8	8
92,207.0	0.0	(92,207.0)	c	Federal Health/CHST Supplement	0.0	0.0	0.0	9
2,247.7	2,315.6	67.9	d	Government of Canada Subsidy	2,315.6	2,200.0	115.6	
1,979,500.7	2,086,702.4	107,201.7		Subtotal	2,086,702.4	1,986,100.0	100,602.4	
				OTHER REVENUE				
5,098.2	19,379.2	14,281.0	a	Refund of Prior Years' Expenditures	19,379.2	1,500.0	17,879.2	10
3,001.6	350.8	(2,650.8)	b	Sundry	350.8	419.8	(69.0)	11
8,099.8	19,730.0	11,630.2		Subtotal	19,730.0	1,919.8	17,810.2	
5,945,723.1	5,854,465.8	(91,257.3)		Total Current Operating Programs	5,854,465.8	5,902,281.8	(47,816.0)	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2002

EXPLANATION NUMBER:

1. **Corporation Income Tax**: $137,746.5 under 2000/2001 Actual
   $68,819.0 under 2001/2002 Estimate

   Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   The decrease from 2000/2001 actual and from 2001/2002 estimate is due to a decline in national corporate growth and in the provincial share as well as a negative prior year adjustment for 2000.

2. **Individual Income Tax:** $97,684.9 under 2000/2001 Actual
   $95,388.4 under 2001/2002 Estimate

   Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   The decrease from 2000/2001 actual and from 2001/2002 estimate is due to a reduction in in-year entitlements and a decline in prior year adjustments.

3. **Corporation Capital Tax**: $8,249.1 over 2000/2001 Actual
   $5,068.4 under 2001/2002 Estimate

   Increase from 2000/2001 actual is a result of a substantial audit payment while the decrease from 2001/2002 estimate reflects timing in receipt of instalment payments and increase in refunds.

4. **Mining Tax:** $36,086.0 under 2000/2001 Actual
   $10,642.9 under 2001/2002 Estimate

   Decrease from 2000/2001 actual and 2001/2002 estimate is due to a sharp drop in the price of base metals.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2002

EXPLANATION NUMBER:

5. **Retail Sales Tax**: $32,776.9 over 2000/2001 Actual
$7,959.8 over 2001/2002 Estimate

Increase from 2000/2001 actual and 2001/2002 estimate is due mainly to upsurge in the sale of vehicles and durable goods in the retail trade sectors as well as increase in the services industry, particularly from motion picture production and distribution.

6. **Tobacco Tax:** $16,823.3 over 2000/2001 Actual
$2,801.9 over 2001/2002 Estimate

Increase from 2000/2001 actual and 2001/2002 estimate reflects the impact of the higher tax rates as well as a large payment from a major remitter.

7. **Equalization:** $59,9150 over 2000/2001 Actual
$93,051.0 over 2001/2002 Estimate

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years.

8. **Canada Health and Social Transfer:** $139,425.8 over 2000/2001 Actual
$7,435.8 over 2001/2002 Actual

Increase from 2000/2001 is due to the implementation of the Federal CHST package.

9. **Federal Health/CHST Supplement:** $92,207.0 under 2000/2001 Actual

Decrease is due to the implementation of the Federal CHST package and concurrent reduction in the transfer under the Federal Health Supplement.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2002

EXPLANATION NUMBER:

10. **Refund of Prior Years' Expenditures:** $14,281.0 over 2000/2001 Actual
$17,879.2 over 2001/2002 Estimate

Increase is essentially due to an adjustment, based on final processed eligible claims, to the prior year accrual for agricultural programs under Canadian Farm Income Program ($10.1M) and the provincial share of the Canada-Manitoba Adjustment Program ($1.2M) as well as unearned funding of the Morris Macdonald School Division ($2.359.0) and an increase due to the redeposit of stale-dated cheques. A partial offsetting decrease is due to refunds in 2000/2001 for the recovery of 1997 Flood expenditures and recovery adjustment for Smart Health.

11. **Sundry:** $2,650.8 under 2000/2001 Actual

Decrease from 2000/2001 actual reflects recovery of surplus funds advanced to the Pan Am Games and repayment of amounts owing by Special Operating Agencies in 2000/2001.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 1998 to March 31, 2002 *

Main Appropriation		1997-1998		1998-1999		1999-2000		2000-2001		2001-2002	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
07-1	Administration and Finance	21.00	1,209.8	21.00	1,206.1	24.00	1,805.2	28.00	1,801.0	28.00	1,872.5
07-2	Treasury	26.00	1,683.5	26.00	1,641.9	25.00	1,717.6	25.00	1,705.4	25.00	1,476.8
07-3	Comptroller	111.50	6,037.2	111.50	5,912.2	102.25	10,779.9	134.25	14,177.5	135.25	14,079.7
07-4	Taxation	185.42	13,932.9	188.92	14,444.7	192.92	24,123.5	193.92	14,895.5	195.92	14,975.1
07-5	Federal-Provincial Relations and Research	25.25	1,639.6	26.25	1,770.1	26.25	1,845.8	27.75	2,218.0	29.25	3,510.0
07-6	Insurance and Risk Management	4.19	254.7	4.00	260.8	5.29	328.8	5.29	349.6	5.29	358.4
07-7	Treasury Board Secretariat	65.00	4,223.7	65.00	4,139.0	65.00	4,266.7	65.00	4,663.1	66.00	4,789.8
07-8	Office of Information Technology	5.00	118.8	12.00	2,226.5	24.00	4,012.7	29.00	4,258.8	29.00	3,903.1
07-9	Amortization of Capital Assets						758.5		1,122.5		1,559.5
Total Departmental Operating Appropriations		443.36	29,100.2	454.67	31,601.3	464.71	49,638.7	508.21	45,191.4	513.71	46,524.9
07-10	Net Tax Credit Payments		57,600.0		57,090.0		56,721.2		51,121.2		52,646.7
07-11	Public Debt (Statutory)		520,120.2		515,365.6		465,322.0		510,722.7		414,128.0
	Legislative Building Information System		101.7								
	Integrated Management Information		797.1								
Total Appropriations		443.36	607,719.2	454.67	604,056.9	464.71	571,681.9	508.21	607,035.3	513.71	513,299.6

* Adjusted expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of the French Language Services Secretariat from Highways and Government Services to the Administration and Finance Division, ii) the transfer of the Education Property Tax support to Education and Training, and iii) the transfer of Labour Relations from the Civil Service Commission to Treasury Board Secretariat and iv) the transfer of information technology costs from Transportatoin and Government Services to the Office of Information Technology.